

OVERVIEW OF REVISED INTERAGENCY BILLING AND PAYMENT (IAB) PROCESS (EFFECTIVE JULY 1, 2002)

The IAB process is used to exchange monies between agencies within the State of Missouri when goods or services are purchased by one agency from another. Due to issues identified with the current IAB process, the process will change effective July 1, 2002.

Current Process

An example of the current process is as follows:

1. An agency purchases goods or services from Missouri Vocational Enterprises (MVE).
2. MVE bills the agency for the goods and services purchased by first entering or interfacing a Receivable (RE) document into SAM II.
3. MVE sends a SAM II paper invoice to the agency.
4. The agency receives the paper invoice and processes an IAB Cash Payment (CRP) document for the payment to MVE.
5. When the CRP is processed and accepted, the payment is made to MVE and the RE is liquidated.

The current IAB process has several shortcomings. Since the CRP is a clone of a cash receipt document, it does not contain certain fields and therefore does not allow for the same functionality available when processing payments to external vendors, such as:

- Can not generate fixed asset shell documents.
- Interagency payments are not automatically included in the CMIA drawdown process.
- Can not automatically liquidate encumbrances. If agencies want to encumber interagency purchases, they enter a purchase order document, then have to cancel the purchase order after processing the CRP.
- Can not automatically update inventory with interagency purchases.

Also, queries and financial reporting of interagency revenues/expenditures relies on "smart coding" of document numbers which can create problems when documents are not coded properly.

New Process

In order to resolve the above shortcomings, the existing baseline payment voucher documents (P1, PVQ, etc.) rather than CRP documents will be used to process interagency payments beginning July 1, 2002. By using a payment voucher document state agencies will be able to create fixed asset shells, include internal payments in the CMIA drawdown process, reference and automatically liquidate encumbrances, and update inventory more efficiently. This process allows agencies to use the same payment document types to pay both internal and external vendors.

Agencies must enter the 11-digit RE document number in the invoice field on payment voucher documents or on the vendor invoice document (VIQ). An automated program will pull the necessary information for payments to internal vendors and automatically create CRP documents to liquidate interagency receivables. The CRP documents will be automatically numbered eliminating the problems caused by the current manual numbering of the CRP. The CRP will generate the revenue side of the transaction.

An example of the new IAB process will be as follows:

1. An agency purchases goods or services from MVE.
2. MVE bills the agency for the goods and services purchased by first entering or interfacing a Receivable (RE) document into SAM II.
3. MVE sends a SAM II paper invoice to the agency.

4. The agency receives the paper invoice and processes the payment using a P1, PVQ, etc. document. Invoice number field is used to reference the original RE document processed by MVE.
5. An interagency Cash Receipt (CRP) document is automatically generated in the nightly batch cycle using the information from the payment voucher and liquidates the referenced RE document.

Vendor Codes

As part of the new IAB process, new vendor codes will be established for internal vendors. A prefix of "I" will be used in the vendor number followed by the billing agency and organization number (i.e., State Data Center vendor code would be I3003140000). The billing profile (BPRO) table will also be updated with the new "I" vendor code in the address which will print on the SAM II invoice. This will provide agencies with the correct vendor number to use when entering payment vouchers to internal vendors.

The new "I" internal vendor codes and BPRO table updates will be made OA/Accounting from June 27 through July 7 for use beginning in FY03. The current internal vendor records will be changed to Stops Processing on June 27. An error will be issued on payment vouchers processed after June 30 with the old internal vendor codes. Attached is a list of the new vendor codes for the most frequently used internal vendors.

CRP Processing

Security setup will be changed so that agencies can not enter CRPs since all CRPs will be created through the automated program. Only billing agencies will have security to edit and approve CRPs for the purpose of correcting rejected CRPs.

In order to liquidate the RE created by the billing agency, the referencing 11 digit RE number **must** be entered on the payment voucher document in the invoice field. The agency number will be inferred from the vendor number. If the RE number is not entered or an invalid RE number is entered, the automatically generated CRP will reject in the nightly batch process and post to the suspense file (SUSF) in rejected status. Rejected CRPs will route to the billing agency's worklist and a daily report listing all rejected CRPs will be available on Mobius (report # OFN070R1). Billing agencies will contact the appropriate paying agency to obtain information to correct the rejected CRPs. **Therefore, it is critical that agencies accurately enter the referencing 11 digit RE number as the invoice number on payment voucher documents to internal vendors.**

Encumbrance Policy

Encumbering interagency purchases is optional. Agencies can elect to encumber interagency purchases, but they are not required to encumber interagency purchases over \$3,000.

Partial Payments

Agencies can make partial payments for interagency bills by entering A-Z or 0-9 as the 12th character in the invoice field. The automatically generated CRP will use the first 11 characters in the invoice field and liquidate the appropriate RE document. The open vendor invoice header (OVIH) table will reflect the entire invoice field (11 digit RE number plus additional 12th character).

Agencies can currently make interagency payments referencing specific lines from the interagency RE document. Under the new process, the paying agency enters only the RE number in the invoice field on the payment document and will not be able to indicate a specific RE line to pay. The automatically generated CRP will liquidate the first line of the RE, then the second line, etc. If the paying agency wants to make a partial interagency payment against specific RE lines under the new process, they must contact the billing agency prior to payment. The billing agency will cancel the original RE and enter a new RE or modify the original RE for the products/services accepted by the agency.

Check Cancellation

Billing agencies will need to submit a request to OA/Accounting to process a CX (Check Cancellation) document to cancel an interagency payment. If an agency paid the wrong RE, they will need to follow the current procedures and provide supporting documentation to OA/Accounting. The agency must process

a NF document. OA/Accounting will enter a CX document and ensure that the NF and CX documents are approved on the same business day.

Compliance Audit Approval

Since existing payment voucher documents (P1, PVQ, etc.) will be used to process payments to internal vendors, they will flow through the same approval process as currently exists for external vendor payments. If agencies encumber the interagency bill and pay with a P1 document or PVA (three-way match) document, the payment voucher does not require final approval by OA/Accounting/Compliance Audit. Interagency payments processed on a PVQ document will require final approval by Compliance Audit and require supporting documentation to be submitted to Compliance Audit.

The SAM II Policies and Procedures for Interagency Transactions are being revised and will be posted to the SAM II website prior to July 8. The new IAB process has also been discussed in detail with the Financial Management Advisory Committee (FMAC). If you have any questions about the new interagency billing process, please contact your FMAC representative or your Agency Customer Service Coordinator. If your Agency Customer Service Coordinator has any questions, he/she will contact OA, Accounting's Agency Customer Service Coordinator's Desk for assistance.

**NEW VENDOR CODES FOR FREQUENTLY USED INTERNAL VENDORS
(EFFECTIVE JULY 1, 2002)**

<u>New Vendor Code</u>	<u>Vendor Name</u>
I3003140000	OA/DIS - State Data Center
I3003150000	OA/DIS - Telecommunications
I3003190000	OA/DIS - Training
I3003350000	OA/General Services – Printing
I3003410000	OA/General Services – Postage
I3003440000	OA/General Services – Vehicle Maintenance
I3003455000	OA/Personnel – Training
I9313666000	Corrections/Missouri Vocational Enterprises